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On Plant Seizures for War Production During WWII

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Dean Hebert -

Colonel, the situation you ask about is one of considerable interest because the seizure of plants and facilities for war production purposes during World War II was an extraordinary last measure that had to be taken for the purpose of enforcing the national labor policy as reflected in directive orders of the War Labor Board. These directive orders of the War Labor Board were for the purpose of trying to keep production going, and when there was an impasse and the parties, through the process of collective bargaining, could not reach an agreement, the War Labor Board was empowered to set down the terms and conditions of employment to be operated in the plant. Now, quite frequently the directive order of the War Labor Board was not acceptable either to Management or to Labor. Often it was Labor that was not satisfied and in a number of cases it was Management that was not satisfied with the directive order of the War Labor Board. When this kind of a situation developed the procedure was for the President to issue an executive order of the type that you have in your possession with reference to the seizure of this particular plant and he would direct the Secretary of War to seize the plants and facilities of the particular industrial concern and a letter of instructions would then be issued, usually by the Commanding General of the Services of Supply who at that time was General Brehon Somerville and later it was General Styer who became a Major-General and I believe later a Lieutenant-General. He had been an engineer officer. The team that would go out on these things consisted of a Commanding Officer, various Operations Officers and these included a legal officer from the Office of the Judge Advocate General detached to work under immediate orders of the Under-Secretary of War subject, of course, to his Commanding Officer in the field, and a Labor Relations Officer and also a Public Relations Officer. Now these plant seizures related to two different kinds of situations:

No. 1. If it was a defiance of an order of the War Labor Board by labor, usually the appearance of the uniform and the tacking up of notices that the plant was being operated by the Government was a sufficient gesture so that the employees would go back to work voluntarily and in that instance what usually happened was a contract was entered into between the United States Government and the Operation operating the plant providing that the operation was for the account of the Plant owners and not for the Government. Then the Army team on which you were would sit in the plant and would hope to resolve the labor difficulties but on terms that would be completely consistent with the policy of the directive order of the War Labor Board. Now there is a reason for that if you follow me. The reason for that was that if either management or labor could defy a directive order of the War Labor Board and force the Government to seize the plant and if the seizing agency were to go in and to reach a decision on labor policy contrary to what the National War Labor Board had directed, you would in effect be creating an appeals agency from the National War Labor Board to whip the Army which got most of these disagreeable jobs although the Navy did get some and the Commerce Department got some, but most of them went to the Army and consequently the difficulties in these plant seizures were that while if labor went back to work they would immediately expect that they could come in and negotiate a contract different from what the War Labor Board had directed and this could not be done as a matter of firm policy. Consequently, what the Army's mission was was to stay there until they were satisfied that if they left there would be no further walkout and quite frequently in cases of labor defiance of a directive order of the War Labor Board the situation was that the Army seizure was a face-saving device which enabled the workers to go back with good conscience because they could say - well we are now doing this because the Army is in control - actually is was an extremely nominal type of paper control because what really happened was the

same management of the plant to what the management of the American Enka, in your particular case, would run it just as they had always run it.

Col. Rodriguez: Col., in that regard I was with Col. Pratt and we walked in to the Management and said Gentlemen we are going to take over this plant by Executive Order No. so on and so on. Now you may operate this plant under our supervision or we will move in and take it over and run it. Now we had capable men there. This thing must have been well thought out by you people in Washington because we had 17 officers down there who could actually walk in and take over the plant, but we didn't want to do that, Col. Pratt didn't want to do that. He said now you may operate this on expected gain and loss or you can turn it over to the United States Government and we will make amicable arrangements for rental of your investment. We are going to produce. We sent out 1800 telegrams that evening.

Dean Hebert: Let me ask you this. Do you recall in this American Enka whether it was a management defiance of the War Labor Board order or whether it was a labor defiance of the War Labor Board.

Col. Rodriguez: It was a Labor defiance.

Dean Hebert: Well this is the important point I want to make, ~~it~~ and this sounds like a long way to come to your question, but you see you've got to distinguish between instances in which there is a labor defiance of the War Labor Board and cases ~~where~~ in which there is a management defiance of the War Labor Board.

Where there is a labor defiance of the War Labor Board, it is very easy to make an acceptable arrangement of the type that Col. Pratt outlined and which you have just referred to. On the other hand, where there is a management defiance of the War Labor Board order, ^{and} management takes an adamant position that they will not cooperate with the seizing authority, then it necessitates a complete management take-over including an accounting cutoff as of the time of seizure of the plant

and management usually would take the position where we won't cooperate and they would walk out or they would leave some subordinate there as a sort of a caretaker to be certain that their interests were protected but, in other words, they were trying to make it difficult and the very fact that they were forcing the Government seizure brought that about.

Now, come to the Montgomery-Ward case. In the Montgomery-Ward seizure what you had was a very small amount of war production in a little plant that was owned by Montgomery-Ward. It was not extremely important in terms of war production but what had happened was that the UAW - that's Walter Reuther's organization - in Detroit, was extremely important to war production on a nation-wide basis. You see, when they created the War Labor Board and labor gave its "no-strike" pledge during the War, the quid pro quo for that - that is the consideration ~~that~~ that labor was getting for that was a clause in the agreement referred to as the so-called maintenance of membership clause, namely, they weren't getting their close shop arrangement but the maintenance of membership meant that they would have to maintain the membership at the same level that they ~~had~~ then had. In other words, what had happened in the Montgomery-Ward case was that Mr. Sewell Avery said that he would not comply with the directive order of the War Labor Board and that the Government would have to take over and run Montgomery-Ward. Now ~~this~~ ^{there is} /confusion about ~~the~~ the Montgomery-Ward situation because there were two different seizures. The first time Mr. Avery defied the War Labor Board - what happened was that Mr. Stimson and Mr. Patterson objected at the White House to the ~~continuous~~ continuous use of the Army in these plant seizures. They didn't want to have the Army used in this regard. So the White House agreed, because there was so little war production involved in the first Montgomery-Ward seizure, that they would give the job to the Commerce Department which had never had a previous plant seizure. So instead of sending out legal officers

who had been on prior plant seizures, the United States Government sent out the Attorney General of the United States, who was then Francis Biddle, as the advisor to the man from the Department of Commerce - and I don't recall what his name was - who seized Montgomery-Ward, and the Army was just used as a sort of a "policeman" so to speak. Well, what happened was that when Mr. Biddle went in there and ~~seized~~ seized the plant, Mr. Avery, I think, rather deliberately, and I may be giving this in more ~~my~~ unvarnished form than you would diplomatically put it, but anyhow Mr. Avery took the position that he was not going to cooperate with the Federal Government and he really gloated Biddle into losing his temper and so Biddle was the one who issued an order to ~~Arm~~ the Army people who were there really in the capacity of policemen to carry out the President's order - not as operators of the plant - that was to be done by the Commerce Department. So he directed that Mr. Biddle be carried out and he was carried out and the photographer, who was an enterprising fellow, caught a picture of it in the back of the building. Well this created such embarrassment because the whole thing was rather ridiculous to be seizing a department store in the first ~~part~~ place and the thing was actually so mishandled, to put it bluntly, that the government stayed there only a very short period of time but later on Avery continued in his position that he would defy the War Labor Board and organized labor to serve notice on the White House that they had given up a whole lot in agreeing to the "no strike" pledge and that if management could get away with defying the War Labor Board/^{order} they would consider the "no strike" pledge no longer of any validity because it was the quid pro quo for the maintenance of Union clause to which Avery was objecting. I may be making this unnecessarily complicated. But anyhow what happened then was on the second seizure the President decided that he was not going to give the job to the Department of Commerce and despite the objections from the Army because the Army was

experienced in these seizures - he was going to require the Army to carry out the job as they had done in other plant seizures and Mr. Victor Sachse, who is a Baton Rouge attorney and I were assigned as the first legal officers to go out there on this particular plant seizure and there was no carrying out of Mr. Avery during our operation - we just set up an office somewhere else in there and started operating. Now they did have to have all accounting officers and they cut off the books as of a certain date and the operation was for the account of the Government because Montgomery-Ward was not cooperating and the Army officers did take over the books and the Army sat there for many many months, I forget how long - I think it was over a year - and I left in 1945 - and I think the seizure was still in operation and there had been all kinds of difficulties and it ultimately ended up in the Court of Claims and I don't know how the thing eventually came out - I have lost track of it from that particular point but I believe that there was a substantial adjustment of funds that had to be made as a result of the fact that this was a complete operation for the account of the United States. My recollection is that some money had to be paid to ~~the~~ Montgomery Ward as a result of that seizure but I lost contact with it after that. So that's about all I know about the Montgomery Ward seizure but for the purpose of this particular situation you can say that in general terms that where it was management defying the War Labor Board - if Management persisted in a non-~~cooperative~~ cooperative attitude following the seizure it posed a great problem because, even with the best technicians and accountants, there were all kinds of legal, practical and operating difficulties - and especially that be so of a mail order house. If, however, the defiance of the War Labor Board order was on the part of labor, usually by packing up the signs, labor would say well boys that we are working for the Army now - let's go back to work and the Army would sit there for a while and finally when they became convinced that there wouldn't be a further

walkout when they left they would try to get out as quickly as possible - usually, in a matter of weeks and sometimes a matter of six to eight weeks or four weeks - or in some instances three or four days.

That's exactly what we did at Enka.

Col. Rodriguez: Did you know Col. Pratt.

Dean Hebert: Oh yes, I knew Col. Pratt very well.

Col. Rodriguez: He told me - he came down and turned it over to me and said Charlie I've got to get back to Washington - I've got a lot of things to do and I'm going to make you my deputy ~~XXXXXXXXXX~~ War Department representative of and I have the authority - so I was the authority/the Federal Government ~~the Federal Government~~ at Enka - about six weeks and we just asked them a question - Now do you want to run this plant on a chance of profit and loss - or do you want the United States Government to run it? And of course ^{he had it} ~~XXXXXX~~ exactly the way he wanted it. I sat in on that conference and they told ~~us~~ - I doubt if you can run the plant ~~we~~ the way we want it run. Col. Pratt said - well, you may be mistaken - I've got some MOS's out here that can do anything ~~with that condition~~ anyone can do, but I'm not going to be _____. If you want to run on a profit and loss basis - we are going to run up the flag - this is going to be Federal property. I had 14 officers under me and we would walk through the plant - _____ on every 8-hour shift and ~~we~~ they had three 8-hour shifts - the workmen, the labor force were there to help and we did have a wonderful public relations officer - he was a captain - I forget his name right now, but he brought back some veterans from the Battle of the Bulge - would walk through - most of them were amputees - and they just created a spirit of patriotism that those labor people up in North Carolina just ate up. We had a wonderful success.

Dean Hebert: This was my experience. I don't recall any instance in which there was a labor defiance ~~that~~ - that it was necessary to actually take over and run the plant. It was done in theory but it was done under a management agreement for which they used all the personnel of the plant that was there

and it was for the account of the owners of the plant rather than for the account of the Government.